



February 20, 2018

By Electronic Transmission

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

RE: Connect America Fund, WC Docket No. 10-90

Dear Ms. Dortch:

On February 15, 2018, the undersigned, Director – Regulatory of Hargray Communications Group, Inc. (“Hargray”), met separately with Dr. Jay Schwarz, Wireline Advisor to FCC Chairman Ajit Pai, and Claude Aiken, Legal Advisor to Commissioner Mignon Clyburn, to discuss issues pending in the above-cited proceedings relating to the reform of the FCC’s system for providing support to high-cost, rate-of-return local exchange carriers.

Hargray expressed its appreciation for the Commission’s diligence in continuing to work through these issues. Hargray pointed to documentation of an industry agreement regarding expense limitations filed in this docket on December 20, 2017 joint filing by WTA and NTCA. The January 31, 2018 joint blog authored by Commissioners Mignon Clyburn and Michael O’Reilly referenced and supported that filing. Agreement between multiple industry associations representing diverse members and Commissioners from both sides of the aisle illustrates how the process should work.

Hargray noted that making these rules prospective in nature will allow companies to modify their accounting systems to ensure that none of the prohibited expenses become part of the rate base. The alternative is to require companies to conduct expensive audits of their previous filings to ensure compliance. The cost of these audits would then be correctly included in future USF requests, which would only put increased pressure on the fund.

Hargray stressed the importance of making significant changes only in items for which there is general agreement, such as the expense limitations discussed above. Hargray is confident that with some specificity about proposed changes along with sufficient time to assess the impact of those changes, that we can reach agreement on many more and perhaps all remaining issues.

Hargray indicated its support for the item on circulation as it understood that item. It noted the balance between granting immediate relief and the need to thoughtfully address long term budget considerations via the NPRM process. It also noted the balance between funding for both model

Marlene H. Dortch
February 20, 2018
Page 2 of 2

and rate of return carriers. Hargray urged both offices to approve the item subject to the edits indicated in the above referenced blog.

If you have any questions, please contact the undersigned. Pursuant to Section 1.1206 of the rules of the Commission, a copy of this letter is being filed via ECFS.

Respectfully submitted,

/s/ Trey Judy
Trey Judy

cc: Dr. Jay Schwarz
Claude Aiken